

FINANCE DIRECTOR

Fiscal Year 2013

The Finance Director is responsible for the coordination of all financial activities of the Town, managing and coordinating the activities of the Finance Department (Accounting, Assessing, Collections, and Treasury), developing operating and capital budgets and appropriate budgetary controls, and for effective financial planning and management of debt and debt policies. He also serves as the primary staff liaison to the Finance Committee, Joint Capital Planning Committee, and the Budget Coordinating Group.

FY 13 Budget

Town Meeting passed a General Fund budget of \$66,616,854, an increase of 3.7% from the previous year. The budget included an additional appropriation of \$218,200 from Free Cash voted at Town Meeting as a one-time supplement to the Elementary School budget so the School Department could implement a school choice program, the tuition from which would be used in for the first time in the FY 14 school budget. The tax rate was set to tax at the full levy limit. The Governor's budget level funded State Aid and Town Meeting passed the budget using those figures. The Legislature later increased State Aid by over \$500,000 (see below). Some local receipts – from the hotel/motel tax, the local meals tax, and motor vehicle excise taxes – were budgeted at higher levels than in previous years, reflecting a trend of increased receipts over time. A significant factor contributing to a balanced budget was the Town's favorable experience with health insurance. The health insurance trust fund had strong balances, and claims data for the year were modest enough that it was possible to have no rate increase for either the active employee plans or the retiree plans, notwithstanding industry rate increases of 10% or higher.

The fiscal year closed with a surplus of \$1.43 million (on an unaudited basis), which was equal to 2.1% of revenue. These figures are consistent with surpluses over the previous five years. By far, the largest part of the surplus derived from revenues that were higher than original projections. Areas that contributed to this surplus included the hotel/motel and meals taxes, which increased with the reopening of the Lord Jeffrey Inn after an extensive and prolonged renovation, increases in licenses and permits, particularly building permits, and stronger than usual tax collection rates. Departments expended 99.6% of their budgets, resulting in a turnback of \$265,848.

After the adoption of the annual Town budget, the Legislature increased State Aid for all cities and towns. At the Fall Special Town Meeting the increased aid (\$585,342) was appropriated to the Town's Other Post Employment Benefits (OPEB) Trust Fund to meet the long term costs associated with health insurance benefits for retired Town employees. The State certified Free Cash at \$4,738,538, and the Fall Special Town Meeting transferred \$1,002,440 to the Stabilization Fund, in accordance with the Town's Financial Policies that recommend transferring any amount of Free Cash in excess of 5% of the operating budget to the Stabilization Fund.

Bond Sale

In March 2013, the Town conducted a very successful bond sale, selling \$6.8 million in bonds. Four million of those bonds was for Sewer Fund projects to extend sewer lines along Harkness Road and into the Amherst Woods neighborhood. One million dollars of the bonds were for road repairs, \$184,000 was for repairs to the Fire Headquarters, \$150,000 for the purchase of a large truck for the Department of Public Works, \$125,000 to upgrade Police Department communications equipment, and \$306,000 for the first part of a three year program to plant 2,000 public shade trees throughout town. The interest rate on the bonds was 1.8%

Acknowledgements

I want to acknowledge the hardworking employees in the Finance Department who perform necessary, critical, and often thankless work in the Accounting, Tax Collection, Assessing, and Treasury functions in support of Town services. They are highly skilled and professional, dedicated to their jobs, and willing to solve the problems and challenges that often arise in these offices. Their success has been acknowledged by our independent auditors who report timely and accurate financial reporting, strong cash management and investment practices, and sound internal controls. Other indicators include our strong tax collection rates (regularly in excess of 98% annually) and accurate and equitable property tax assessments with abatements well below 1%. I am happy to report that the Town's finances are well managed by this excellent staff.

Submitted by,
Sanford M. Pooler
Finance Director